



SOUTHERN COPPER CORPORATION
GRUPO MEXICO

Third Quarter 2025 Earnings Results

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First Quarter 2025 Earnings Results

Raul Jacob

VP, Finance & CFO, Southern Copper Corporation

Welcome

Operator: Good morning. And welcome to Southern Copper Corporation's Third Quarter and Nine Months 2025. With us this morning, we have Southern Copper Corporation, Mr. Raul Jacob, Vice President, Finance, Treasurer and CFO, who will discuss the results of the company for the third quarter and nine months 2025 as well as answer any questions that you may have.

The information discussed on today's call may include forward-looking statements regarding the company's results and prospects which are subject to risks and uncertainties. Actual results may differ materially and the company cautions not to place undue reliance on these forward-looking statements.

Southern Copper Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. All results are expressed in full U.S. GAAP. Now I will pass the call to Mr. Raul Jacob.

Raul Jacob: Thank you very much, Carmen. Good morning, everyone. And welcome to Southern Copper's Third Quarter 2025 Results Conference Call.

At today's conference, I'm accompanied by Mr. Oscar Gonzalez Rocha, CEO of Southern Copper and Board member, as well as Mr. Leonardo Contreras, who is also a Board member.

2025 Highlights

In today's call we will begin with an update on our view of the copper market and then review Southern Copper's key results related to production, sales, operating cost, financial results, expansion projects and ESG. After this, we will open the session for questions.

Our performance in the third quarter delivered new company records for net sales, adjusted EBITDA and net income. These milestones are a testament to the strength of our strategy, execution and commitment to sustainable growth. This strong performance was primarily driven by a rise in byproduct production and improved metal prices across all our products. Zinc production rose 46%, mainly on the back of significant production at our Buenavista zinc concentrator.

Silver and molybdenum output grew 16% and 8%, respectively. The combination of higher production volumes and better copper and by-product prices enabled us to achieve a cash

cost of \$0.42 per pound of copper in the third quarter of this year, one of the industry's lowest.

We remain firmly committed to enhancing productivity and cost efficiency driven by a strategy anchored in discipline and focus on achieving our long-term goal to produce 1.6 million tons of copper at the lowest possible, most competitive cost per pound.

Copper Business

Looking into the copper market, the LME copper price increased 7% from an average of \$4.17 per pound in the third quarter of 2024, up to \$4.44 this past quarter.

For the COMEX market, we saw a 14% increase. Based on current supply and demand dynamics, which include the negative production effects that we're seeing in Indonesia and Chile, we're currently estimating a copper market deficit of almost 400,000 tons.

Copper inventories worldwide, which is the sum of the London Metal Exchange, COMEX, and Shanghai warehouses, as well as other bonded warehouses. The sum of these different inventories at the end of September were 609,000 tons.

Demand expectations

We estimate that this inventory currently covers approximately eight days of global demand. The recent U.S. tariff policy changes have thus far had a limited impact on our results. As such, we're confident now that the long-term fundamentals of prices for copper and other metals will remain very positive.

Fourth quarter production

Now let's look at Southern Copper's production for the past quarter. Copper represented 73% of our sales in the third quarter of this year. Copper production registered a decrease of 7% compared to the third quarter of 2024 and stood at 234,892 tons this past quarter.

Our quarterly result reflects a 7% drop in production in Peru, which was triggered by a decrease in production at our Toquepala and Cuajone mines. Production at our Mexican operations fell 7% quarter-on-quarter, driven by a decrease in production in our Buenavista mine due to lower ore grades and by the fact that the new Buenavista concentrator was fully dedicated to maximizing zinc and silver production to leverage the favourable ore grades identified in an important segment of the mine.

On a year-to-date basis, copper production fell 3% in 2025 to stand at 714,098 tons, mainly driven by a decrease in production at our Mexican and Peruvian operations due to lower ore grades.

For this year 2025, we expect to produce 960,000 tons of copper. This is slightly lower, less than 1% than the plan and a decrease of 2% over 2024's final print.

Molybdenum Business

Molybdenum represented 13% of the company sales value in the third quarter of 2025 and is currently our first by-product. Molybdenum prices averaged \$24.30 per pound in the quarter compared to \$21.68 per pound in the third quarter of 2024.

This represents an increase of 12%. Molybdenum production registered an increase of 8% in the third quarter of this year compared to the same period of 2024. This was mainly driven by

higher production at our La Caridad and Toquepala mines, which were partially offset by lower production at our Buenavista and Cuajone operations.

In 2025, we expect to produce 30,000 tons of molybdenum, which represents an increase of 4% over our 2024 production level.

Silver Business

For silver, it represented 7% of our sales value in the third quarter of 2025 with an average price of \$39.56 per ounce for the quarter. This reflected an increase of 34%.

Silver is currently our second by-product. Mined silver production increased 16% in the third quarter of 2025 vis-a-vis the same quarter of 2024 after production growth in our Mexican operations, and this was partially offset by lower production in the Peruvian mines.

Refined silver production increased 2% quarter-over-quarter. This evolution was mainly driven by higher production in our Ilo refinery, which was partially offset by a drop in production in La Caridad refinery.

In 2025, we expect to produce 23 million ounces of silver, an increase of 10% compared to last year.

Zinc Business

Zinc represented 4% of our sales value in the third quarter of 2025 with an average price of \$1.28 per pound in the quarter. This represents a 2% increase compared to the third quarter of 2024. Zinc is currently our third by-product. Mined zinc production increased 46% quarter-on-quarter and totalled 45,482 tons.

This was mainly driven by an increase in production at the Buenavista zinc of 108%. This Buenavista zinc concentrator has been processing high ore grade material that we found in a segment of the Buenavista mine that was reviewed and decided on the base of the value that this additional production is contributing to this year's results.

For the year 2025, we expect to produce 174,700 tons of zinc, which represents an increase of 34% over our 2024 production level. This growth will be driven by the production of our Buenavista zinc concentrator, which I already mentioned is operating at full capacity dedicated to zinc production.

Financials

For the third quarter of this year, sales were \$3.4 billion. This figure was \$446 million or 15% above the third quarter of 2024 print. The copper sales value increased 8%, while the volume dropped 4% in a scenario of better prices. The London Metal Exchange price increased 7% and the COMEX price increased 14%.

Sales by product

Regarding our main by-products, we registered an increase in sales of molybdenum by 46% due to growth in volume, volume of molybdenum sales increased 8% and better prices. Zinc sales increased 12% due to an uptick in volume of 7% and better prices for this material. Finally, silver sales increased 65% due to higher volume, 22%, and better prices for the difference.

Our total operating costs and expenses were up to \$128 million or 9% compared to third quarter of 2024. The main cost increments were in purchased copper concentrate, workers

participation, labour, operations contractors and services, energy and sales expenses. These cost increments were partially offset by a drop in inventory consumption and other factors.

EBITDA and margin

The third quarter of 2025 adjusted EBITDA was \$1,975 million. This represented an increase of 17% with regard to the 1,685 million registered in the third quarter of 2024. The adjusted EBITDA margin in the third quarter of this year stood at 59% versus 58% in the third quarter of 2024. Adjusted EBITDA year-to-date was \$5,512 million. This is 13% than the mark for the nine months of 2024. The adjusted EBITDA margin in the nine months of this year stood at 58% versus 57% in the nine months of 2024.

Operating cash costs

Operating cash cost per pound of copper before by-product credits was \$2.23 per pound in the third quarter of 2025. This is \$0.12 higher than the value for the second quarter of 2025, which was \$2.11. This 5% increase in operating cash cost is a result of higher cost per pound from production cost, administrative expenses and lower premium, and was offset by lower treatment and refining costs.

Southern Copper's operating cash cost including the benefit of by-product credits, was \$0.42 per pound this past quarter. This cash cost was \$0.21 lower or 34% lower than the cash cost of \$0.63 that we had in the second quarter of 2025.

Byproducts

Regarding byproducts, we had a total credit of \$895 million or \$1.81 per pound in the third quarter of 2025. These figures represent a 22% increase in byproduct credits when we compare them to a credit of \$756 million or \$1.48 per pound in the second quarter of this year 2025.

Total credits have increased for molybdenum in 23%, for silver 29%, and decreased a little bit for zinc 1%, and sulfuric acid, where we had lower volumes due to major maintenances at our smelter in Ilo.

Net income

For net income, in the third quarter of this year, net income was \$1,108 million, which represented a 23% increase over the \$897 million registered in the third quarter of 2024. The net income margin in the third quarter of this year stood at 33% versus 31% in the same quarter of last year. These improvements were mainly driven by an increase in sales and cost containment activities.

On a year-to-date basis, net income was 17% higher than in 2024 due to growth in net sales. The net income margin year-to-date stood at 32% versus 30% for the nine months of last year. Cash flow from operating activities in the third quarter was \$1,560 million, 8.4% above the figure in the third quarter of 2024.

Cash flow

For the nine months of 2025, cash flow from operating activities stood at \$3,258 million, which represented an increase of 6% over the \$3,061 million posted in the nine months of 2024.

Capital investments

For the Peruvian projects, our investments in Peruvian projects that are being built or for which basic or detailed engineering is being conducted could surpass \$10.3 billion in the next decade. Given that there is a description of our main capital projects in Southern Copper's press release, I'm going to focus on updating new developments for each of them.

Tía María

In the case of the Tia Maria project in the Arequipa region in Peru, as of September 30 of this year, progress at Tia Maria stood at 23% and 2,109 new jobs have been generated. 809 of these jobs were filled with local advocates.

To the fullest extent possible, we intend to fill the 3,500 jobs estimated to be required during the Tia Maria construction phase with workers from the Islay province.

In 2027, when we start operations of Tia Maria, the project will generate 764 direct jobs and 5,900 indirect jobs. In the early construction phase, progress on access roads and platforms stands at 90%.

We will advance this effort alongside work to set up a temporary camp, engage in massive earthworks and roll out mine opening activities. Recently, on October 14 of this year, the company received authorization from the Ministry of Energy and Mine to begin exploitation activities on the Tia Maria project.

This authorization is based on considerations outlined in the supporting technical report and the environmental certification approved for the project. Consequently, we will soon initiate pre-stripping activities in La Tapada and begin building main project components.

Los Chancas

For the Los Chancas project in the Apurimac region of Peru, as of September 30 of this year, social and environmental management programs are underway in the communities directly influenced by the project, in accordance with the Framework Agreement signed between the Tiaparo Peasant Community and the Los Chancas Mining Project.

Necessary actions are being undertaken to regain control of the project in response to the presence of illegal miners. This control is essential to us for continuing advancing the development of our Los Chancas project.

Michiquillay

In the case of the Michiquillay project in the Cajamarca region of Peru, the geological information obtained from drilling programs has been used to develop the models required to estimate the deposit's mineral resources.

These models are currently being audited by a third party under the SEC's mining disclosure standards, S-K 1300. A conceptual study is underway to determine the best location for our conventional or filtered tailings storage facility. Hydrogeological and geotechnical studies are also being conducted.

Mexican Projects

SCC has several projects in its Mexican pipeline that may boost organic growth if they are found to be of value for both stakeholders and the communities in which we operate. These projects are Angangueo, Chalchihuites, and the Empalme Smelter, which could bolster our position as a fully integrated copper producer.

We're conducting talks with the current administration to continue rolling out SCC's Mexican investments for \$10.2 billion.

El Arco

We have in Mexico also the El Arco in the Baja California state project.

In this case, we're not reporting additional progress in these projects for now.

ESG Update

Regarding environmental, social and corporate governance or ESG practices, our sustainability ratings are improving.

ESG Recognitions

In the Corporate Sustainability Assessment 2025, S&P Global increased SCC rating by four points over last year's print. This result positions the company among the leaders in the mining sector's performance ranking with a rating that is more than twice the industry's average.

Some of SCC's disaggregated ratings were the highest reported for the sector. That is the case for transparency and reporting, environmental management, biodiversity, cybersecurity, labour practices, human rights and community relations.

Climate Change

Regarding greenhouse gas emissions at our operations, the electricity that our underground mines have received from the Fenicias wind farm has enabled us to curb greenhouse gas emissions by 180,000 tons of carbon thus far in 2025. This is equivalent to electricity supply needed to sustain 40,000 households in Mexico. We're recovering ecosystems in Mexico and Peru.

Biodiversity

So far in 2025, we have conducted advanced work to restore 67 hectares at our Buenavista del Cobre installations in Sonora, and about 10 hectares in the Ite wetlands in Peru. These efforts entail reincorporating areas of the landscape that were previously impacted by our operations and providing important environmental services.

Additionally, we're preparing stocks and terraces and are installing assisted irrigation systems on approximately 200 hectares in Sonora, which will be reforested in 2025.

Community development

In the case of the Tia Maria project, through the work-for-taxes mechanism, we're financing modernization and upgrades at an emblematic secondary school in the district of Cocachacra, which will serve 400 students and also using this work-for-taxes mechanism, we're working on the construction of the Biomedical Sciences Laboratory at the University of San Agustin in Arequipa, which will be used by about a little bit more than 3,000 students and researchers.

Local Communities

During its tour of Sonora in 2025, Dr. Vagon Health train, sponsored by Grupo Mexico Foundation, imparted more than 20,000 free consultations in eight municipalities, marking an all-time high in Dr. Vagon's history.

Over its nine previous visits to the region, more than 59,000 medical consultations and 70,000 prescriptions were provided at no cost. With these results, Dr. Vagon has become one of the most important traveling health projects in Sonora, Mexico.

Dividends

Regarding dividends, as you know it is the company policy to review our cash position, expected cash flow generation from operations, capital investment plans and other financial needs at each Board meeting to determine the appropriate quarterly dividend. Accordingly, on October 23 of this year, Southern Copper Corporation announced a quarterly cash dividend of \$0.90 per share of common stock and a stock dividend of 0.0085 shares of common stock per share.

This will be payable on November 28, 2025, to shareholders of record at the close of business on November 12 of this year. Ladies and gentlemen, with these comments, we end our presentation today.

Thank you very much for joining us. Now we would like to open the forum for questions.

Q&A

Operator: And thank you so much. (Operator Instructions) It comes from Carlos De Alba with Morgan Stanley.

Carlos de Alba: What is the expectations in terms of cash cost before byproducts in the fourth quarter and maybe in 2026?

Raul Jacob: For the fourth quarter, Carlos, we will very likely decrease our cash cost because we will be having a partial recovery of production, particularly at the Peruvian operations, we believe that production will improve in the fourth quarter. So, we are operating at about \$2.23, if I recall it well. And we're expecting to have in the range of \$2.15 to \$2.20 in the fourth quarter.

Carlos de Alba: Okay. And how much of -- how much purchases of third-party concentrate or cathodes did the company do in the third quarter? And if you could comment on any expectations for the fourth quarter?

Raul Jacob: Yes. These acquisitions were for the Mexican operations. It was to fill up some of our facilities at the IMMSA mines. We don't -- we will very likely maintain buying some copper -- some materials from third parties in Mexico because of the way that they blend with our own materials. So that was the main driver of these acquisitions.

Carlos de Alba: But you're buying concentrate, you didn't buy cathodes even if the Ilo smelter was down.

Raul Jacob: No. No. We just -- we sold more copper concentrates at the Peruvian operations because of the maintenance that the Ilo smelter and refinery had. We didn't acquire any copper cathodes, Carlos.

Carlos de Alba: Okay. Good. And if I may, just one more. We regularly see headlines in Mexico about the government engaging with Southern Copper on discussions to try to remediate what they believe or some people believe are still pending actions by the company after the spill in Sonora.

Can you maybe give us some comments as to what is the company's perspective on these negotiations and what impact or initiatives and the potential financial impact those may have in the company?

Raul Jacob: Well, we have -- we are having these conversations now and we are basically -- well for us, this is a matter that was solved already.

However, there are always good possibility of making progress in government talks for other objectives that the company may have. So, there's not much to report at this point, Carlos, on this.

Operator: Our next question is from Timna Tanners with Wells Fargo.

Timna Tanners: I wanted to ask with regard to silver, I realize you don't move your volumes on a dime, but the guidance seems to imply a quarter-over-quarter drop into Q4, and I wanted to make sure I understood that. But given the strong price of silver, is there anything you can do to try to produce a bit more in the next medium term?

Raul Jacob: Thank you for your question, Timna. This is what we have been doing through 2025. We have the new concentrator in Buenavista, which is a concentrator that has the capacity of producing copper and zinc. In other years, last year, for instance, 2024, we did bundles of copper production as well as zinc production.

But looking at the areas that we were getting into in 2025 and the zinc content, the zinc ore that we were finding in this part of the Buenavista mine, we decided to not produce copper with this new concentrator of Buenavista in this year, but zinc.

And the reason for that is that the zinc content is much higher. That's why we are producing a significant much important amount of zinc than last year. And obviously the copper that we produced with this facility last year that was in the north of 12,000 tons was not produced in the same facility in 2025.

So that explains why we are not producing as much copper as in 2024. Now, as I mentioned before, we're very close to less than 1% of getting all the copper that we did -- that we forecasted in our plan now.

We're hopefully making the plan and the plan, when we announced it last year, had a reduction in copper production of about 2%. Obviously if we see opportunities to improve this, we will certainly try to do it. But that's so far what we're considering for this year, Timna.

Timna Tanners: Okay. My question was more about silver just because of the strength of that market. But if you could comment on silver. And then my second question was more about any updated thoughts on M&A given some additional M&A in the space? Are you still preferring your organic projects? Or given some delays there, would you start to look at maybe buy versus build?

Raul Jacob: Okay. On the silver, Timna, we're producing more silver this year, not less than last year. And we already updated our silver production forecast. This is 23 million ounces, which will be 10% more than last year, than 2024. Coming to your question on M&A.

Well, no, we're basically focusing on organic growth. These projects that we're undertaking are excellent projects. The economics of them are much more better than what we see outside the company. Obviously if there is a good opportunity, we will certainly review it and make a recommendation to our Board. But so far, this is what we're considering now.

Operator: Our next question is from the line of Alejandro Demichelis with Jefferies.

Alejandro Demichelis: A couple of questions, if I may. Raul, could you give us some kind of indications of how you're seeing 2026 in terms of volumes, CapEx and so on? That's the first question. And then the second question is, obviously we have seen the change in government recently in Peru.

We have seen some protests and the state of emergency. So, have you seen any kind of impact on the areas in which you are producing or in the ports in the South where you're kind of exporting from?

Raul Jacob: Okay. Let me go to your last question first. We are seeing no political -- no impact on our operations coming from the political situation in Peru.

I'd just like to mention that the current President has an approval of 45% regarding the last poll. And I think that the protests that you mentioned has -- I believe there are diminishing as we have seen, and particularly at the southern part of the country where we have our operations. And our project that is in the centre of Peru in Apurimac, they are okay. We have an illegal mining issue over there that we have -- that we're working with the authorities to fix. And in the northern part, where we have Michiquillay, with no specific issues regarding social unrest. And in the Tia Maria project, we are moving forward with the construction, as I reported before.

Looking into 2026, we are still looking into what we expect for next year. We, at this point, have a forecast that is under review to produce about 911,000 tons of copper next year.

We expect to review this and hopefully improve it a little bit more. But that's our current forecast for copper next year. Cash cost, well obviously depending or contingent of the byproduct prices, it's hard to say.

But let's say that it's in the range of where we are now in terms of the year-to-date cash cost or better if prices hold as it has been the case in the past quarter.

On CapEx, we're getting into the construction of Tia Maria next year. Tia Maria alone would require about \$866 million of CapEx. And consequently, we are expecting a much higher CapEx in the range of \$2 billion for next year.

Operator: Our next question is from Myles Allsop with UBS.

Myles Allsop: Maybe with Tia Maria, could you just give us a sense, you've got the authorization to start exploitation now. Do you have all the permits that you need to push ahead with the project? And when do you think we'll get to completion of the project and the ramp-up phase?

Raul Jacob: Sure. The straight answer to your question is yes. For initiating the construction and developing mining activities, we have all the permits. Once you are finishing the construction, you need to get a final permit from the authorities to begin operations, but that's kind of more routine type of a permit.

We are expecting to have the ramping up of the project through 2027. Hopefully, it will be at the half of 2027 when we will be able to initiate the initial testing of the equipment and the ramping up.

We do operate very similar plants than the one that we want to build in Tia Maria in some other locations in both Mexico and Peru. So hopefully, we will do a good ramping up in terms of timeline for it. But that's something that we will be reporting as we move on with the project.

Myles Allsop: Okay. And in terms of the financing, I know in the past, you've done bonds to link to the kind of project, kind of CapEx. Is it still the intention that you'd finance it along those routes?

Raul Jacob: It's something that we look as we move on. Obviously, as interest rates are decreasing, we are seeing this as a more positive thing, but we're still evaluating if we want to follow that route of issuing one bond, or using our own cash position.

But I think it's going to be more likely than not that we will go to the debt market at a certain point in time to finance our Tia Maria project.

Myles Allsop: Okay. And then maybe just as it's more of an organic kind of growth pathway that you're looking at. When we look at the next projects, Los Chancas and El Arco's, which one

do you think will be ready to FID first? And what needs to happen with each of them to get there? Or is it a different project that we should -- as it comes forward next after Tia Maria.

Raul Jacob: Well, the timeline that we have is that Los Chancas should be the next project in terms of execution. Michiquillay is also in line for that. The results of Michiquillay have been very, very interesting, very good, actually.

We are quite encouraged to move on with it, but we still need to do some work that has been already done for Los Chancas. In the case of El Arco, it's also scheduled to move on entering in the next decade. And hopefully, we will be able to do that as well.

Myles Allsop: So, assuming that the Los Chancas is the next project, how, considering the illegal miners on the land, would you be in a position to actually FID the project. Is it still two years after getting rid of the illegal miners? Or can that be brought forward?

Raul Jacob: It could be speed up a little bit. In this, we have to talk with the Peruvian authorities to see when are they taking some actions on regarding the legal mining activities that we're seeing there.

We're working with the communities because we believe that this could also be solved with them -- if the communities look into the matter and talk with the authorities on this issue as well.

Operator: Our next question comes from the line of Alfonso Salazar with Scotiabank.

Alfonso Salazar: I have two questions. And first of all, sorry to put you on the spot, but a moment ago, you said that you are focusing on organic growth, but we see that on the capital allocation front that you already are increasing -- you have been increasing your cash position quite fast. It's now at \$4.5 billion. And if you continue with the hybrid dividends and given the cash generation that you are having today, this will continue to pile up. So, I just want to understand how to reconcile these two things, especially what is the rationale behind having so much cash and increasing your cash position at this time?

The second question is regarding Tia Maria. And it's great to see that the project is moving ahead, but I think it's about to start a critical moment with elections in Peru and potential protest and noise against Tia Maria once again. So just wondering what is the action plan? What are you doing to deal with such situation in case it comes?

Raul Jacob: Okay. Regarding your comment on the company's cash position, well, we are not having at this point, the debt that was required to finance, say, Tia Maria, and that is why we are having a slightly higher than the usual cash, plus the fact that prices are really contributing

to that. But that's mainly what's happening, currently we're having a comfortable cash position for keep paying the dividends that the Board has approved as well as taking care of the projects that we have.

Now, regarding a potential social or political impact in the Tia Maria area, well, yes, that is always a possibility. But so far, we're not seeing anything like that. So, we do have some plans. We have been working with both the people in the area as well as the authorities, particularly the majors of the Islay province where Tia Maria is located. And so far, what we're seeing is a calm environment that is very favourable for the project.

Now, obviously we are continuously monitoring the social circumstances. But at this point, we don't see any -- we don't have a concern regarding the impact of the political campaign in the area.

Operator: We have a question from the line of Tingshuai Feng from CICC.

Tingshuai Feng: This is David. Congratulations on the strong results. My first question is about El Pilar. We know that on your slides, El Pilar is still expected to start production in 2028.

While the project is not mentioned in the latest quarterly press release. So, I'm just wondering, can we have any updates on the project development progress at El Pilar? I'll come back with my second one.

Raul Jacob: Okay. Thank you for your question, David. No. We have not much to report on it. We are looking into the recovery that the leaching part of the project has. And so far, we have no major progress on this at this point. So that's why we haven't mentioned it in our press release.

Tingshuai Feng: Understood. And my second question is just a follow-up on Los Chancas. We noticed that recently there is some discussion about extending the Reinfo scheme by five more years.

So just want from your perspective, any further extension of the scheme will have any impact on your development plan at Los Chancas, especially when you're dealing with the illegal miners.

Raul Jacob: Well at this point, we have no people with this specific permit that you mentioned inside the premises of the project. So, for us, it's a nonissue at this point. What you just said regarding this Reinfo permit is something that has to be reviewed by Congress. We believe that Congress is realizing what we're seeing, which is that most of the population in Peru does not like to have illegal mining activities in general. That has been strongly shown in polls and by some other different ways. So, our view is that there should not be any extension of this type of permits.

Operator: Our next question is from Jon Brandt with HSBC.

Jonathan Brandt: Just two quick ones for me. I know this is a Board decision. But on the dividend, can you -- has the Board given you any rationale for why they're continuing the stock dividend? I mean the cash dividend is at \$0.90, is pretty good.

So, I guess I just don't see the rationale for stock dividend. So, I'm hoping you can sort of help me understand that. And then the second question is just on hedging.

If you've given any thought to potentially hedging, even if not copper, maybe some of the byproducts like silver and molybdenum, which have done well particularly as you're going into a CapEx phase next year with Tia Maria and then even after that, I would suspect if you're going to start on Los Chancas, et cetera, that the CapEx will remain quite high. So, I guess I'm wondering if there's any discussion about maybe locking in some of these higher metal prices.

Raul Jacob: Okay. Let me focus on your last question first. We have not had any specific discussions on hedging, copper hedging or byproduct hedging at this point.

In the past, when we did the Toquepala expansion, we did hedge using a zero-cost collar. That was, I believe, a good idea because it allowed us to protect the revenues from copper at that time when we were undertaking a major project.

On the rationale for the stock dividend, as you well mentioned, it's a Board decision. Well, we wouldn't be able to pay the dividends that we have been paying without using a portion of the shares. So, \$0.90 in cash is what the company can pay out.

But if we want to provide the stockholders with more liquidity, it has to be using the shares that were acquired in -- before 2016 at a much, much lower price. So that's what the Board has been considering and deciding.

Jonathan Brandt: Okay. Is it -- can you tell us how many shares are left? And should we assume that the stock dividend will continue until those shares are depleted?

Raul Jacob: Before paying the dividend, it's 72 million shares that we have in treasury.

Operator: Our next question comes from the line of Grant Sporre with Bloomberg Intelligence.

Grant Sporre: The question is really around about your sort of medium-term copper guidance. And I'm looking at your -- the chart that you put out after the second quarter results, which has 2027 going up by about 50,000 tons and then '28, by another 70,000 tons.

Can you -- I know those are constantly under review, but if we assume that that's roughly in line with what you're still expecting, can you sort of guide us through the dynamics on how that

works? Is it -- are you assuming a ramp-up for Tia Maria and then El Pilar and that offset some of the grade decline in your existing operations? Or how do we go about thinking about that?

Raul Jacob: Yes, Grant. We're assuming for 2027, the ramping up of Tia Maria -- Okay. Our production will increase as we get in operation, our major projects.

In the case of Tia Maria, it will kick in with production in 2027. Later on in time but it will be more in the 2030s, we will have Los Chancas and Michiquillay. But in the meantime, we're expecting to have El Pilar getting in 2028, and El Arco in 2029; '28, '29.

Now, having said that, on the existing operations, we have for the long term, some ore decay, and we're considering some actions to contain the impact -- the full impact of that. Basically, in the case of Cuajone, we're expecting a reduction in ore grades starting next year. And for that, we will take some action such as expanding our Cuajone concentrator once again in order to fill up that material. That has not been approved by the Board, but it is something that we're looking as a possibility.

We also have some other actions regarding different operations, and that's how we should comply or maintain our production level and increase it as we go towards 2030.

Grant Sporre: Okay. So, if I can just sort of clarify. So, if we take your existing operations in a sort of a do-nothing scenario where you don't try and mitigate the impact of ore degradation or ore grade decline, your existing operations would probably decline sort of about 2%, 3% and you're hoping to offset that through various actions. And then the rest of your projects are all growth on top of that. That would be, I'm guessing your ideal scenario.

Raul Jacob: That is current. What we're considering is basically on the existing operations, taking actions in order to maintain the production level or reduce as much as we can the decay due to ore reduction.

I mentioned the Cuajone situation as an example. And besides this, we have new projects kicking in, which will provide new production and help us to maintain our production level and increase it up to 1.6 million tons by, say, mid-2030s.

Operator: And we have a question from the line of Marcio Farid with Goldman Sachs.

Marcio Farid: A quick follow-up on the two projects that you mentioned. Tia Maria, you're talking about potentially ramping up in the first half of '27. And a follow-up to the earlier question as well. It seems like in order for you to recover part of the loss in '27, you would need some significant volumes from Tia Maria, right, which I think is embedded in the guidance today. Can you remind us how confident you are -- you can get to Tia Maria at nearly 100,000 tons production by '27, considering the current schedule? And then secondly, Cuajone, I think

it's -- I think we've talked about it before potentially adding another concentrator at Cuajone as well.

What's the sort of timeline? When can you expect that decision to be discussed? Or being made by the Board, that would be great. And lastly, sorry, how does -- if there is any change to potential '26, '27 or '28 guidance, how should we think about costs in the context of lower fixed cost dilution as well?

Raul Jacob: Okay. Thank you for your question, Marcio. In the case of Tia Maria, we are expecting to initiate production in 2027. As a general comment, we're still looking in our plans for the next few years.

I mentioned already that we are expecting to have more production over 911,000 tons for next year. Hopefully, we will improve that when we do our report in January. And same thing applies to our guidance for the next few years.

I think that we will provide a more detailed and clear situation in our January report. Coming to your other questions, the Cuajone expansion, we're still working on what to do. It is not a new concentrator.

It's going to be a new line in the existing concentrator that may have a much lower cost than a new concentrator. Just to give you an idea, we're thinking about of something between \$600 million and \$700 million for that project, and it will provide about 40,000 tons of copper. But as I said, this is not Board approved.

So, we're still working on having a solid case to present to the Board. When could this be approved? Well let's say that we finish the work and present some guidance to the Board next year, then we could have an initial approval.

And when we have all the permits and everything, then we could be able to go for a final and kind of construction approval to the Board. I think I already answered your questions unless you have some other comment, Marcio.

Operator: Thank you so much. And this concludes our Q&A session for today. Thank you, everyone, and I will pass it back to Raul Jacob for any final comments.

Raul Jacob: Thank you very much, Carmen. With this, we conclude our conference call for Southern Copper's First Quarter of 2025.

We certainly appreciate your participation and hope to have you back with us when we report the fourth quarter and full 2025 results. This will be in January -- in our January call. Thank you very much for being with us today and have a nice day.

Operator: Thank you so much. And this concludes our conference for today. You may now disconnect. Everyone have a great day.

[END OF TRANSCRIPT]